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PSC EXTENDS TIME IN KENTUCKY-AMERICAN MERGER CASE, RESCHEDULES HEARING

Grants delay requested by Bluegrass FLOW

FOR IMMEDIATE RELEASE
October 23, 2002

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FRANKFORT, KY – The Kentucky Public Service Commission has delayed its review of the proposed restructured purchase of the Kentucky-American Water Co. (KAWC) by a German company.

A hearing in the case originally scheduled for Monday, October 28, has been postponed and will be held instead on Thursday, November 21. The deadline for a decision in the case has been extended to December 20.

Bluegrass FLOW, a citizens' group which has intervened in the case, had requested the additional time in order to prepare its testimony. The extra time is needed, Bluegrass FLOW said, because the PSC last week had narrowed the scope of the proceeding, thus changing the issues on which testimony could be developed.

While saying that Bluegrass FLOW did not present a strong case for an extension, the PSC said it was "reluctantly" granting the added time in the interest of fairness to everyone involved in the case.

"The Commission recognizes the importance of the issues in this proceeding to the central Kentucky region," the PSC said in its order. "We wish to ensure that all parties have an adequate opportunity to provide evidence."

The extension of time adds 40 days to the 60 days originally allotted for the proceeding. State law permits a maximum of 120 days for the PSC to reach a decision in mergers or acquisition cases.

The PSC earlier this year approved the acquisition of KAWC by Thames Water Aqua Holdings GmbH. The acquisition is part of a larger transaction involving the purchase of American Water Works Company, which owns Kentucky-American, by RWE AG, the parent company of Thames Water.

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Changes in German tax laws prompted the parties to modify the transaction by creating a holding company, Thames Water Aqua US Holdings, Inc., (TWUS). On September 11, the parties asked the PSC to approve a new merger application that reflects the changed corporate structure.

The public hearing in the case is set for 9 a.m. on November 21, at the PSC offices, 211 Sower Boulevard in Frankfort. The PSC will take comments from the general public prior to the formal portion of hearing, during which the parties to the case will present their sworn testimony.

The hearing will be Webcast on the PSC Web site at <http://www.psc.state.ky.us/>. Non-confidential documents filed in the case may be viewed on the PSC Web site. The case number is 2002-00317.

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